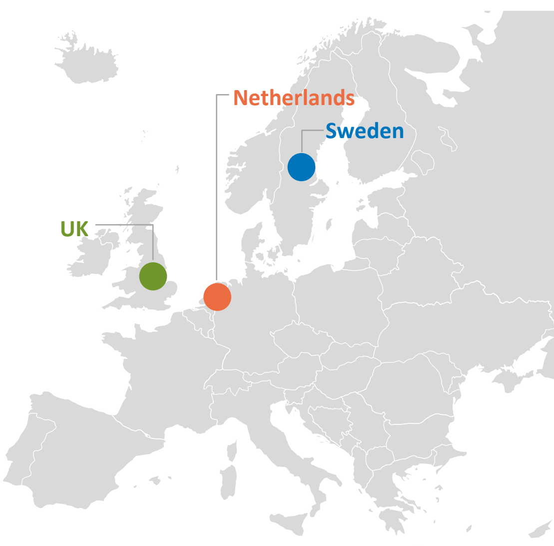
CHESNARA 2023 RESULTS

Continued strong cash generation with positive outlook for further M&A

AN INTRODUCTION TO CHESNARA

WHO WE ARE

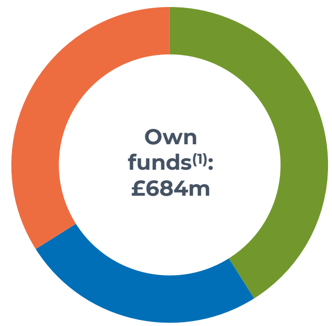
- Chesnara plc was formed in 2004 and is listed on the London Stock Exchange.
- The group is a European life and pensions consolidator, having successfully completed thirteen acquisitions to date.
- We are focused on three key markets: UK, Sweden and the Netherlands.
- Our new business franchises in Sweden and the Netherlands complement the group's long-term cash flow generation.
- Chesnara has committed to becoming a sustainable group and being net zero by 2050.



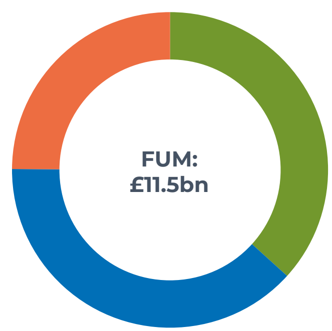
FINANCIAL KEY METRICS

31 December 2023

Group Solvency II Ratio: 205%



UK NETHERLANDS SWEDEN



THREE CORE STRATEGIC OBJECTIVES

01

MAXIMISE THE VALUE FROM EXISTING BUSINESS

- Efficient management of existing customers and financial resources to optimise long-term cash flow
- Key strategy across all three geographies – UK, Netherlands and Sweden

02

ACQUIRE LIFE AND PENSION BUSINESSES

- Disciplined M&A framework identifies opportunities that enhance value over the long-term

03

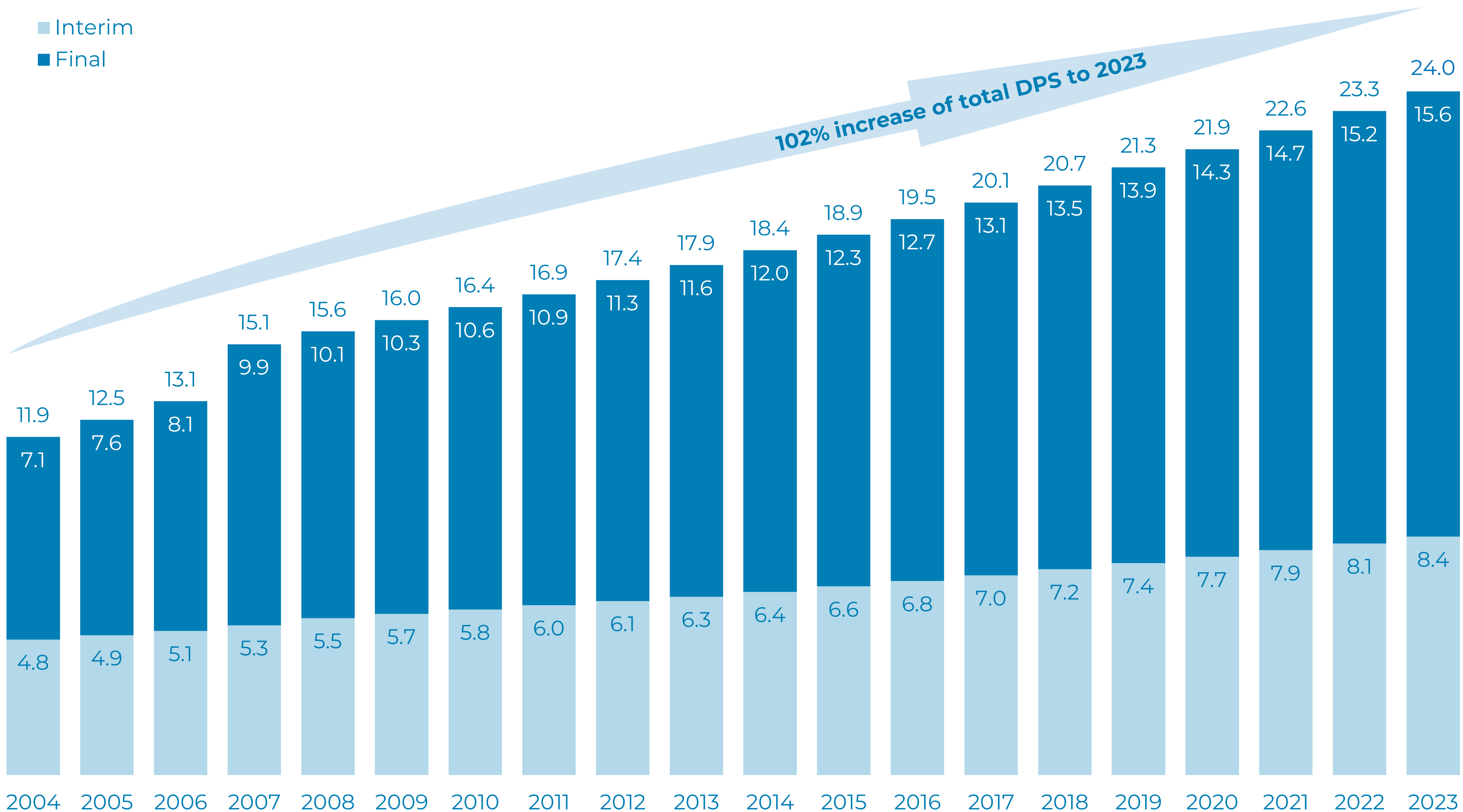
ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS

- New business franchises in Sweden and the Netherlands (including a small number of open product lines in the UK)
- Focused on delivering long-term cash flow accretion for the group

Notes:
1. Geographical split for UK includes other group activities

19 YEARS OF DIVIDEND GROWTH

Dividend history (pence per share)



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total	11.9	12.5	13.1	15.1	15.6	16.0	16.4	16.9	17.4	17.9	18.4	18.9	19.5	20.1	20.7	21.3	21.9	22.6	23.3	24.0
Final	7.1	7.6	8.1	9.9	10.1	10.3	10.6	10.9	11.3	11.6	12.0	12.3	12.7	13.1	13.5	13.9	14.3	14.7	15.2	15.6
Interim	4.8	4.9	5.1	5.3	5.5	5.7	5.8	6.0	6.1	6.3	6.4	6.6	6.8	7.0	7.2	7.4	7.7	7.9	8.1	8.4

CHESNARA CONTINUES EXECUTING ITS RENEWED STRATEGY TO DELIVER GROWTH

1. Multiple levers available to grow Economic Value, supporting sustainable long-term cash generation and shareholder dividends
2. Strong Solvency II position with high resilience to market volatility
3. Disciplined yet flexible M&A framework with proven track record of delivery, integration and growth
4. Experienced management team focused on sustainable shareholder value creation

M&A MOMENTUM SUPPORTING FURTHER GROWTH

M&A	COMPLETION OF THE ACQUISITION AND INTEGRATION OF CONSERVATRIX IN THE NETHERLANDS
	ACQUISITION OF A PROTECTION PORTFOLIO FROM CANADA LIFE IN THE UK WITH INTEGRATION PROGRESSING WELL
RESULTS	COMMERCIAL CASH GENERATION OF £53M
	ECV GROWTH WITH CLOSING ECV PER SHARE OF 348p (FY 2022: 340p)
	STRONG SOLVENCY AT 205%, WELL ABOVE NORMAL OPERATING RANGE OF 140 – 160%
	COMMERCIAL NEW BUSINESS PROFITS OF £10M
	3% INCREASE IN TOTAL 2023 DIVIDEND TO 23.97p, OUR 19TH YEAR OF CONSECUTIVE RISES

SIGNIFICANT OPERATIONAL DELIVERY ACHIEVED IN THE YEAR

OPERATIONAL & SUSTAINABILITY ACTIVITY

- PART VII TRANSFER OF SANLAM BOOK COMPLETED IN DECEMBER
- WORK PROGRESSING WELL ON THE MIGRATION OF POLICY ADMINISTRATION TO SS&C TECHNOLOGIES IN THE UK
- MOVE TO IFRS 17 REPORTING SUCCESSFULLY DELIVERED
- ON TRACK FOR JULY 2024 CONSUMER DUTY DEADLINE – NO MATERIAL COMMERCIAL IMPACT EXPECTED
- REINSURANCE IN THE UK TO PROTECT AGAINST MASS LAPSE RISK AND BROADENING OF THE GROUP FX HEDGE, BOTH DELIVERED IN THE YEAR
- NEW CEOS IN PLACE FOR CA, SCILDON AND MOVESTIC
  NEW GROUP CFO JOINING IN APRIL
- SETTING OF OUR INITIAL INTERIM TARGETS FOR EMISSIONS REDUCTION FROM OUR INVESTMENT PORTFOLIO

FINANCIAL HIGHLIGHTS

CASH GENERATION

Group base **£32.5m**
FY 2022: *£82.7m*

Group commercial **£53.0m**
FY 2022: *£46.6m*

ECV

Closing EcV **£524.7m**
FY 2022: *£511.7m*

EcV earnings(1) **£59.1m**
FY 2022: *£(84.7)m*

SOLVENCY II

Group SII ratio **205%**
FY 2022: *197%*

Absolute surplus **£351.0m**
FY 2022: *£298.4m*

GROWTH

Commercial VNB **£10.1m**
FY 2022: *£9.5m*

FUM **£11.5bn**
FY 2022: *£10.6bn*

IFRS(2)

Profit before tax **£1.8m**
FY 2022: *£(62.1)m*

CSM movement(3) **£53.8m**
FY 2022: *£(6.9)m*

BALANCE SHEET

IFRS capital base(4) **£487.4m**
FY 2022: *£469.2m*

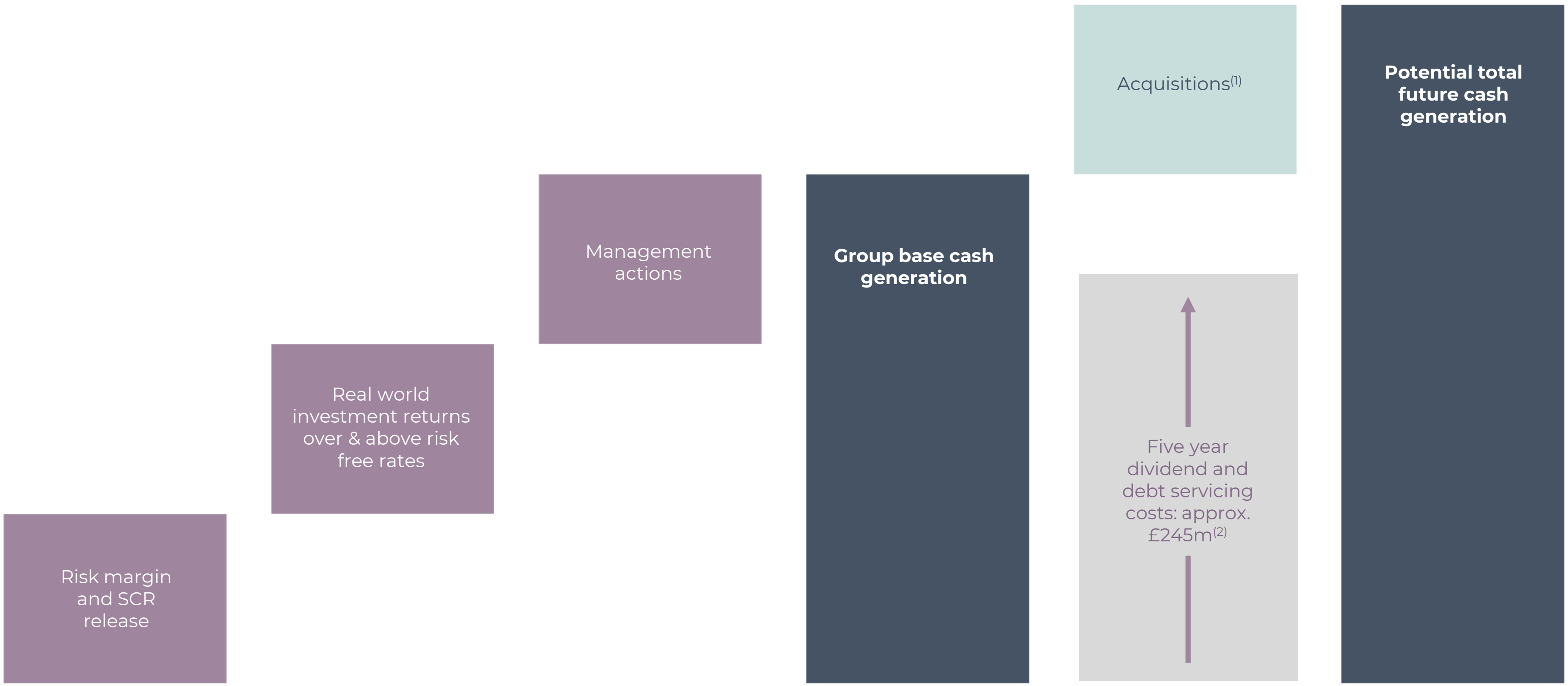
Leverage ratio(5) **29.2%**
FY 2022: *30.3%*

Notes:
(1) EcV earnings quoted include day 1 acquisition gains but exclude FX impacts and dividend payments
(2) The IFRS results have been restated from IFRS 4 to IFRS 17, noting that only 42% of liabilities were in scope of IFRS 17 as at 31 December 2023
(3) The contractual service margin (CSM) represents the future unearned profits of the insurance contracts
(4) IFRS capital base is defined as 'IFRS net equity + CSM (net of tax and reinsurance)'
(5) Leverage ratio is defined as 'debt' divided by 'net equity + debt + net of tax CSM', with the FY 2022 ratio being restated on an IFRS 17 basis in line with Fitch's updated methodology.

We have increased our proposed full year dividend by 3% to 23.97p which represents our 19th year of consecutive rises

STRONG VISIBILITY ON SOURCES OF FUTURE CASH

Sources of future cash generation composition
(5 year estimate)



Notes:
(1) Boxes are broadly drawn to scale with the exception of acquisitions given their uncertainty.
(2) Dividend cost is based on historical growth levels which are then rolled forward. The board will review our approach to dividend each year deciding on what an appropriate level is.
(3) We expect new business to generate cash over the longer term, but remain broadly neutral in the 5-year outlook.

We have strong line of sight to sources of cash generation that more than cover our estimated cumulative dividend and debt servicing costs

UK AND EUROPEAN CLOSED BOOK M&A ACTIVITY CONTINUES TO BE VIBRANT

KEY DRIVERS

- **Operational simplicity**
- **Disposals of non-core products to release capital**
- **Focus on specific geographies**
- **Regulatory change**
- **Persistent cost inflation**
- **De-risking of portfolio to macroeconomic shifts**

EXAMPLES OF SIGNIFICANT RECENT M&A ACTIVITY IN THE UK AND EUROPE

Sale of Scottish Widows bulk annuity portfolio to Rothesay

£6bn of assets
(Mar-24)

Sale of AIG's UK protection business to Aviva

£460m
(Sep-23)

Sale of portfolio from Federale Verzekering to Monument Re

Undisclosed
(Aug-23)

Sale of Canada Life's individual onshore protection business to Chesnara

£9m
(May-23)

Sale of Integrale Luxembourg's portfolio to Monument Re

Undisclosed
(May-23)

Sale of Aegon UK's protection book to Royal London

Undisclosed
(Apr-23)

We start 2024 with a positive acquisition pipeline covering a range of potential deal sizes

CHESNARA IS WELL POSITIONED TO EXECUTE FURTHER M&A

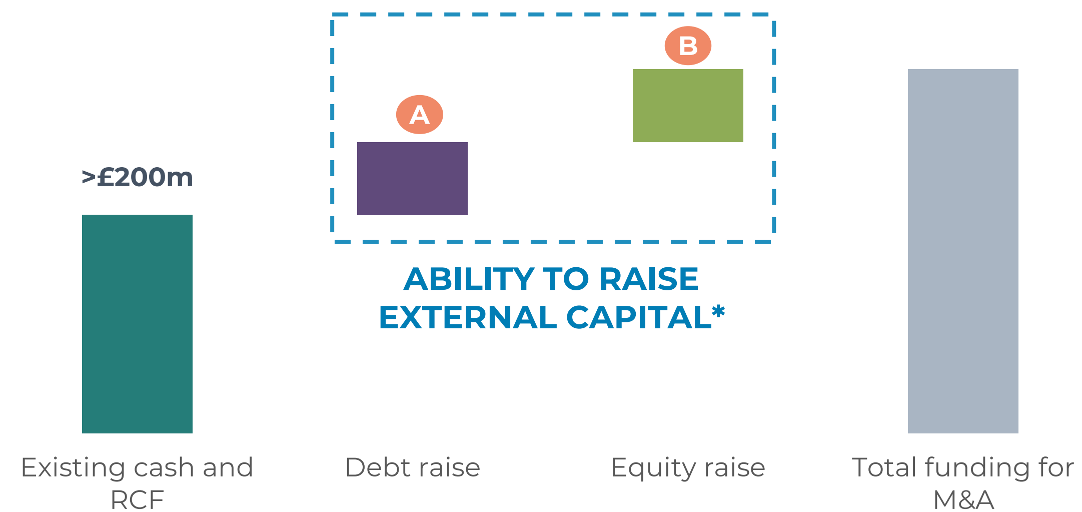
CHESNARA'S KEY STRENGTHS

- ✓ Strong record of customer service and governance
- ✓ Comfortable managing wide range of books including unit linked, life insurance, with profit and individual annuities
- ✓ Positive and long-standing relationships with multiple regulators
- ✓ Less likely to be a material competitor on new business than some other consolidators
- ✓ Flexibility on approach to managing assets / investment management

FINANCING CONSIDERATIONS

SOLVENCY	Normal operating range of 140% to 160%
LEVERAGE	Maintain our investment grade rating
CASH RESERVES	Retain liquid resources to cover the dividend, coupon and working capital for approximately one year
ACQUISITION CAPACITY	Capacity to finance smaller transactions without external fundraising

FINANCING CAPACITY OFFERS ABILITY TO FUND A RANGE OF DEAL SIZES



*Not drawn to scale

A FitchRatings

Investment grade rating provides access to the debt capital markets

B

Equity financing from shareholders, new strategic partners or via vendors taking stake in enlarged group

CONTINUED STRONG CASH GENERATION WITH POSITIVE OUTLOOK FOR MORE M&A

Strong commercial cash generation of £53m

Strengthened senior leadership team and new strategic partnership with SS&C

EcV growth of £59m(1)

Two deals in the period and positive acquisition pipeline

Strong and resilient solvency at 205% with clear line of sight to future sources of cash generation

Progress on sustainability, with initial interim targets now set and continued focus on positive customer outcomes

Notes:
(1) Figure show is pre FX and dividend

In May we will be celebrating our 20th anniversary as a listed company

QUESTIONS